**ACCOUNTING 20**

**CHAPTER 13**

**13-1**

Pg 379- Payment of Payroll is Salary Expense debit, all deductions are payables (credit), and cash (credit)

Pg 380- Journalizing Payment goes in cash payments journal. Note order deductions are listed

**13-2**

Pg 383 – earnings to equal FUTA is to $7,000

(ie 7,000 – 5,260 = 1,740 equal to FUTA)

If earnings is over $7,000 then “earnings to equal FUTA tax base” is 0

FUTA earnings is the lesser of “earnings to equal FUTA” or “earnings for current pay period”

Pg 384 – Journalizing Employer Payroll Taxes (employers also have to pay taxes, matching what their employees pay for Social Security and Medicare, and using the %s for FUTA and SUTA)

Journalize in the General Journal

**13-3**

Pg 388 – follow where the textbook has entered information in the boxes

“Total Quarterly Earnings” is all 3 month added together

“Income Tax Withheld” is all 3 months added together

Line 5a and 5c are total earnings x (.124 or .029)

Line 5d is line 5a & 5c added together

Line 6e is lines 3 and 5d added together

Pg 389

To calculate monthly tax liability:

Month 1 (sept) total earnings x 0.124 (social security)

+ Month 1 (sept) total earnings x 0.029 (medicare)

+ Month 1 (sept) income tax withheld

= Month 1 tax liability

Same process for month 2 and 3, using those month’s total earnings

**13-4**

Pg 392 - If you are a monthly schedule depositor you will deposit taxes for the month by the 15th of the following month (ie pay January taxes on February 15)

Pg 394 – Journalizing Payment of Liability for Employee Income Tax, Social Security, and Medicare will be done in the Cash Payments Journal